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GENESCO

ANNUAL REPORT

October 31, 1959

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DIVERSIFICATION

INDUSTRY'S TWO-WAY STREET

By BEN H. WILLINGHAM
President, Genesco Inc.

WHEN directors of a big corporation hold a policy meeting these days, the chances are probably better than even that some form of diversification will either be approved, put over, rejected or at least discussed by the board members.

In some cases, diversification is achieved by acquiring established companies in different lines of endeavor: in others, diversification results from the introduction of new products developed by the corporation itself.

Any company embracing diversification as a vital part of its planned approach to growth must be prepared to face difficult decisions, as well as certain unique organizational problems.

This is so because diversification usually calls for a break with past patterns and traditions.

Certainly diversification can help answer such complex corporate problems as seasonal fluctuations and changing markets. For the diversifying company a new acquisition or the development of a new line of products may open vast new horizons for sales and profits and provide second echelon management with new opportunities for

Ben Hill Willingham, President of Genesco Inc., was born in Hagan, Georgia, 45 years ago, and was graduated from Vanderbilt University in 1932.

He joined General Shoe Corp., Genesco's predecessor, as a $10-per-week clerk in 1933. After a number of promotions, he was elected Vice-President in 1956, and was named to the post of President in March of the current year.

Mr. Willingham lives in Nashville, Tenn., and is a member of a number of prominent clubs in that city. He is a Member of the Board of Directors of the National Association of Shoe Manufacturers, Tiffany & Company, Hoving Corporation and the Third National Bank of Nashville.

management responsibility. These are some of the good and valid reasons for diversifying.

Some companies nowadays may perhaps look upon diversification as some magic cure-all for whatever ails them. Yet, as many have discovered too late, diversification is also a two-way street. The addition of extra millions of dollars of sales can look good on the operating statement. At the same time, though, the problems involved in branching out into entirely new fields or new businesses can be quite varied—involving everything from plant to personnel.

Assimilating established, long-independent businesses under a single corporate wing takes both patience and wisdom. Individual managements must be made to retain their own corporate character and initiative, and yet to function as part of —and for the good of—the parent. Companies may be acquired that, in the opinion of the purchasing parent, have splendid prospects for both sales and profits, but lack either the capital or management to bring them out. Such cases require skilled care by the parent, involving generous transfusions of working capital and a great deal of guidance and direction. It is a process that calls for foresight, faith and time.

Genesco's experience has shown that diversification can provide new directions and new opportunities even for an old line company.

As one of the nation's largest manufacturers of footwear, much of the growth we have enjoyed can be traced to a carefully-planned, painstakingly-executed program of diversification. While developing an increasing volume and profit from its established product lines our company has accelerated its growth pattern by the diversification of endeavor—both through the acquisition of other companies and by organizing new operating companies in new fields.

We have diversified in the shoe industry by opening new products

divisions or new retail store groups and new manufacturing facilities. We have also acquired certain established shoe businesses, such as Johnston & Murphy, W. L. Douglas I. Miller and Delman.

Several acquisitions were not footwear firms—for example, the Bonwit Teller stores is a group of exclusive women's specialty stores. Others were Tiffany & Co., the Henri Bendel store in Manhattan, the two groups of men's wear stores—Frank Brothers-Fenn Feinstein and Whitehouse & Hardy. Even to the casual observer, our diversification program is not catch-as-catch-can.

Our growing family of companies shares a common bond—all are tied to the apparel industry.

That is really the key to Genesco's growth-by-diversification program: diversification with direction.

Actually, our company has been diversification-minded almost from the time it was founded as the Jarman Shoe Company in 1924 by James Franklin Jarman and his associate, William Hatch Wemyss.

For a full quarter-century, first as Jarman Shoe and in 1932 as General Shoe Corporation, the company pursued a policy of conservative diversification, both vertically and horizontally. During its earlier years it branched into kindred lines, tanned its own leather, cut its own soles, stamped out its own heels and even produced its own boxes and cartons.

To further broaden the markets for its products, an early step was to establish retail shoe chains across the country.

The program bore fruit. By 1945 the company had produced its first

100 million pairs of shoes and net sales volume had climbed to $51.2 million. The next decade saw the production of the second hundred million pairs of shoes and the addition of several top-rank shoe firms: I. Miller, Johnston & Murphy, Whitehouse & Hardy.

350% Increase

From this natural kind of diversified expansion, volume reached $200 million in 1955, an increase of better than 350 per cent over 1945.

In 1950, however, our diversification in depth really began to take form. The plan was then—and still is—to build the company into a fully integrated manufacturer of apparel—not just shoes.

The idea, long envisioned by Chairman Jarman, was not only an exciting one, but it was entirely logical. For shoes themselves are items of apparel, and the companies that manufacture them constitute the biggest firms in the apparel industry.

An important step in that direction came three years ago with the purchase of Bankers Securities Corporation's interest in Hoving Corp. This acquisition gave us working control over Bonwit Teller and Tiffany, and set the stage for such further apparel acquisitions as Henri Bendel.

Only recently we concluded the purchase of Formfit of Chicago, a development which involves our entry into the field of women's foundation garments.

During the period from 1950 to 1958 the net worth of Genesco grew from $23 million to $63½ million and the number of common shares increased from about 1½ million to about 2½ million.

Higher Profits

However, despite the ever-expanding number of shares outstanding, earnings per share — which averaged $1.87 for the five years ending 1950—rose to an average of $2.18 in the five years ending 1955. For the four years 1956-1959 (with 1959 results estimated), earnings averaged approximately $2.22 per share. Operations in the fiscal year ended October 31, 1959, resulted in the highest per share earnings for our 35-year history.

Even more important to us is the fact that, through this diversification program, we have broadened the company's management and merchandising base to the point where we feel that we have built a solid foundation for more and better business and earnings in the years ahead.

A Summary of the Company History

(Continued from First Page)

country to take care of the demand for shoes.

In 1945, the Company produced its hundred millionth pair of shoes

Although the war officially ended in 1945, for the next three years or so our Company, along with all industry, was rehabilitating itself into a normal operation Pent up demand for merchandise, re-adjustment of manufacturing operations to competitive conditions involved important changes

The Company came very close to $100,000,000 volume during this immediate post war period, including approximately $20,000,000 of inter-company business The Company had established a national reputation as one of the four largest companies in the industry, and was recognized as one of the progressive leadership companies that would have an important influence in the development of the industry

In 1947, W. Maxey Jarman was elected Chairman of General Shoe Corporation, and Henry White Boyd, Jr., who had been with the Company since 1931, became President.

Beginning in 1948, our Company embarked on another program of expansion not only on its own operations but also expanded by acquiring other companies. The aftermath of the war left a number of companies without adequate management and while some of these companies were in difficulties they represented opportunities for expansion in new areas for the Company

Douglas Shoe Acquired

The Company acquired the W. L. Douglas Shoe Company of Brockton, Mass., moving its manufacturing operations to the South and continuing to operate its retail stores. It purchased the Johnston & Murphy Company, producers of the best quality men's shoes in the country—a business that had been in existence over a hundred years and had a splendid reputation.

Along with Johnston & Murphy, the Whitehouse & Hardy stores and Frank Bros. stores were acquired and were expanded to include complete lines of men's clothing and furnishings. In 1953, one of the most important names in the shoe industry—I. Miller Shoe Company of New York, leaders in women's fashion shoes—was acquired and as part of it the Carlisle Shoe Company, producers of Mademoiselle shoes This also included retail operations

The next year, the very exclusive and high fashion Delman Shoe Company was acquired along with the development of Christian Dior Shoes.

In New England, to supplement the types of shoes that were produced in the South, the Company acquired Kleven Shoe Company and Fleisher Shoe Company These plants produce popular priced women's fashion shoes, and these businesses have been expanded.

In St. Louis, the Company acquired Berland Shoe Company—quite large and successful retailer of women's popular priced shoes with stores scattered all over the country. In 1956, the Company acquired controlling interest in the Hoving Corporation, operators of Bonwit Teller and Tiffany & Co. About the same time, the Company also acquired the Henri Bendel Company

New Phase of Business

These acquisitions put the Company in an entirely new phase of business—the retailing of high fashion women's apparel It has become evident in the development of the shoe business that the high fashion, high quality shoe business must be tied in very closely with fashion developments in apparel

The Company also acquired Saval Shoe Company of Los Angeles for the Western influence. Foreign operations were expanded through licensing arrangements. Additional Southern plants were opened, particularly in Mississippi and Kentucky The manufacturing plants in Mississippi produce low priced women's shoes, and have become important factors in the industry.

In 1958, Henry White Boyd, Jr., President of the Company, died and Ben H. Willingham was elected President.

The Company began to feel at this time that its future operations would be covering such a wide area of producing and retailing of various types of merchandise that its name should be changed, so in 1959 the name was changed to GENESCO.

As part of the program of diversification into other areas of the apparel business from a manufacturing standpoint, as well as from a retail standpoint, the Company acquired the Formfit Company of Chicago in 1959. This very successful organization produces a complete line of women's foundation garments, distributed through the retail trade, with factories located in Indiana, Nebraska and Illinois, plus foreign operations in Canada, Jamaica, Australia and other countries.

The size of the Company's operations during the past decade was such that it was necessarily affected by general trends in economic activity. However, the Company's growth continued in relation to the industry on a five year running average basis the curve of sales volume and earnings was steadily upward

The Company has maintained its credit on a very high level, has enlarged its financing as the business grew, has made opportunities for executive employees and others to purchase stock on an advantageous basis, has been a leader in employee relations in developing people, and in adopting new management methods

Research Produces Built-In Shine

(Continued from First Page)

is almost indestructible and would generally outwear the uppers of the shoes. It is particularly adapted for children's shoes where abrasion and scuffing cause serious wear problems.

GENESCO's recent acquisition of The Formfit Company, of Chicago, one of the top-ranked makers of ladies' foundation garments, may lead to another research development in footwear.

In manufacturing girdles, a lot of top-quality elastic becomes leftover material. Now GENESCO is experimenting to see if this material can be reclaimed by cutting it into goring for shoes, especially the slipper types which require elastic support

GENESCO Operating Companies

ACROBAT SHOE COMPANY
High-quality children's shoes.
WILLIAM EARTHMAN, *Vice President*

BELL BROTHERS, INC
Popular-priced shoe stores featuring shoes for men, women, and children.
PARKS C. RUNYON, *President*

BERLAND SHOE COMPANY
Women's and children's retail shoe stores.
I. M. KAY, *President*
SAMUEL INTRATER, *Vice President*

CAPITOL PRODUCTS COMPANY
Manufacturers of cartons and containers.
V. J. JOHNSON, *President*

CARLISLE SHOE COMPANY
Manufacturer and wholesale distributor of women's high-quality fashion shoes
RALPH H. STOLLMACK, *President*
ELLIS M. SIMON, *Vice President*
FRED L. HERRMANN, *Vice President*

CEDAR CREST SHOE COMPANY
Wholesale distributor of men's and boys' dress and work shoes and boots; also safety shoes.
WILLAM FITE, *President*

CHARM STEP SHOE COMPANY
Manufacturer and wholesale distributor of low-priced women's shoes
GEORGE Q. LANGSTAFF, *President*

CIRCLE SHOE MANUFACTURING COMPANY
A manufacturing organization operating women's shoe plants in the South.
ELI G WHITE, *General Manager*

DELDOR SHOE COMPANY
Retailers of women's high-quality fashion shoes.
ADOLPH GREEN, *Vice President*

DELMAN-DIOR SHOE COMPANY
Manufacturers and distributors of Delman and Christian Dior women's shoes
RUBIN ADLER, *President*
ALAN ORNSTEEN, *Executive Vice President*

DOMANI SHOES
Importers and distributors of women's shoes.
SIDNEY MALL, *General Manager*

DOMINION SHOE COMPANY
Wholesale shoe distribution division catering to the private label volume accounts.
HOUGHTON D VAUGHN, *President*

W. L. DOUGLAS SHOE COMPANY
Distributors of men's shoes, work shoes and Official Boy Scout shoes.
JOHN P. GIFFORD, *Vice President*

DOUGLAS RETAIL COMPANY
Men's and boys' retail shoe stores featuring Douglas shoes.
JACK K. RHODES, *General Manager*

EDWARD HAAN SHOE COMPANY
Wholesale distributors of top-quality men's shoes.
EDWARD H. HAAN, *President*

FABRICA NACIONAL DE CALZADO EL TRIUNFO
Manufacturers of men's, boys and women's shoes in Peru; also retail stores.
FRED MORRISON, *Executive Vice President*

FABRICA DE ZAPATOS ECLIPSE
Manufacturers of men's shoes in Mexico, also retail stores.
CHARLES W. MCGAVOCK, *Executive Vice President*

FAMILY SHOE COMPANY
Wholesale distributors of women's popular-priced shoes to the department store trade.
SIDNEY A SMITH, *Vice President*

FLAGG BROS
Men's retail shoe stores featuring styles for young men
J OWEN HOWELL, *President*

FLEISHER SHOE COMPANY
Manufacturers and wholesale distributors of women's shoes for the chain store trade.
BENJAMIN F. FISH, *President*
CHARLES R MAJORS, *Vice President*

Names that Mean GENESCO to the Men, Women and Children Who Buy Our Shoes and Apparel

Shoes for Men and Boys

Johnston & Murphy · Douglas · HARDY · Cedar-Crest · Crestworth
FRANK BROTHERS · Fortune · Davidson · Skyrider · Official BOY SCOUT SHOES
Jarman · Flagg Bros · SAFETY FIRST · STATLER Super Service Shoes · Kingston

Shoes for Women; Girls and Children

DELMAN · Ingenue · mannequins · Acrobat · Storybook
I.Miller · Millerkins · CoverGirl · Party Goers · Datebook
Christian Dior · Ted Saval · Fortunet · Bell BROS. · PlayMates
mademoiselle · valentine · Vogue · FOAMSTEP · Official GIRL SCOUT SHOES
Laird Schober · Holiday · Kay King · domani · CHARM STEP

BONWIT TELLER
TIFFANY & CO. · Whitehouse & Hardy · SOMMER & KAUFMANN · Guarantee SHOE COMPANY · GUNTHER JAECKEL
Henri Bendel · FRANK BROTHERS FENN - FEINSTEIN · THE BERLAND SHOE STORES, INC. · Innes SHOE CO. · Armishaw's

Foundation Fashion Labels

Formfit · Sleex · SKIPPIES by Formfit · RAVE by Formfit · reVel by Formfit

THE FORMFIT COMPANY
Manufacturers and distributors of women's foundation garments.
A. KUNSTADTER, *Chairman*
W. J. STELZER, *Chairman Exec Com.*
S. W. KUNSTADTER, *President*
JEROME ABELES, *Executive Vice President*
RICHARD H. ECKHOUSE, *Vice President*
VICTOR HARTMAN, *Vice President*
E. P. HESSER, *Vice President*
ARTHUR H. BAUM, *Vice President*
CHARLES PAVEZA, *Vice President*
JAMES E. LEOPOLD, *Vice President*
STANLEY DICKER, *Vice President*
FRANK J. CULHANE, *Treasurer*
M. J. BENEDICT, *Secretary*
JOHN W KUNSTADTER, *Assistant to President*
JOSEPH JARNOT, *Comptroller & Ass't Sec'y*

FORTUNE SHOE COMPANY
Wholesale distributors of Fortune shoes for men and boys and Official Boy Scout shoes
DEE L. METCALF, *Vice President*

FRANK BROS.-FENN-FEINSTEIN
Fine men's apparel stores in New York and other states.
ROBERT C. BOLICK, JR., *President*

GEMCO MANUFACTURING CO
An organization operating GENESCO manufacturing plants, mostly in the South.
H. NELSON CARMICHAEL, *President*
CANDLER W. BUTLER, *Vice President*
JAMES H. CHEEK, *Vice President*
C. WILBON MARLIN, *Vice President*
BERNARD E. REED, *Vice President*
ELI G. WHITE, *Vice President*
NOBLE C. CAUDILL, *Treasurer*
GEORGE FORT, *Secretary*

GENERAL RETAIL CORPORATION
The operating division of several nation-wide groups of GENESCO retail shoe stores.
WILLIAM M. BLACKIE, *President*
EARL L. BRITAIN, *Vice President*
J. OWEN HOWELL, *Vice President*
JOE B. LONG, *Vice President*
SHERMAN E. ROSE, *Vice President*
DAN GREGORY, *Vice President*
PARKS C. RUNYON, *Vice President*
WILLIAM A. GIVAN, *Secretary*
WILLARD W. SLEDGE, *Treasurer*
FRED A. LANG, *Assistant Secretary*

GENESCO RETAILERS SERVICE AGENCY
A division that assists a large group of privately-owned retail shoe stores with financing, merchandising and other services.
ERNEST B. HOLT, *General Manager*

GESCO SALES CORPORATION
A GENESCO corporation comprising many of its wholesale and retail distribution divisions.
MATT S. WIGGINTON, *President*
HOUGHTON D. VAUGHN, *Vice President*
CHARLES W. COOK, *Vice President*
HOWARD D. BALDRIDGE, *Vice President*
WILLARD W. SLEDGE, *Secretary*
E. DEVAUGHN WOODS, *Treasurer*
JOHN A. BALL, *Assistant Vice President*

GENERAL CHEMICAL COMPANY
Manufacturers and distributors of industrial adhesives and waxes, cements, finishes used in the shoe business.
E. E. WAGER, *President*

GENESCO EXPORT COMPANY
An organization specializing in selling GENESCO products to the export trade
FRANCIS W PARKER, *General Manager*

GENFOAM SHOE COMPANY
Wholesale distributors of men's, women's and children's vulcanized shoes.
CLARENCE E. COBBS, *Manager*

GLENDALE SHOE COMPANY
Wholesalers of low-heel fashion shoes for young women of all ages.
WILLIAM W WELLS, *Vice President*

GUNTHER JAECKEL
New York retail furrier and specialty store.
LOUIS O. WHEELER, *President*

HARDY SHOE STORES
Popular-priced high-value men's retail shoe stores
JOE B LONG, *President*

HENRI BENDEL, INC.
Women's fine specialty store.
MISS GERALDINE STUTZ, *President*

HOLIDAY SHOE STORES
Popular-priced women's retail shoe stores.
SHERMAN E. ROSE, *President*

HOVING CORPORATION
Operators of Bonwit Teller, Tiffany & Co., and Gunther Jaeckel.

BONWIT TELLER (Women's specialty apparel stores):

Officers:
WALTER HOVING, *President*
ALFRED W. MILES, *Vice Pres. & Secretary*
WALTER DEICHES, *Vice President & Apparel Merchandise Manager*
WILLIAM T. LEONARD, *Vice President Operations*
C. BAY, *Vice Pres. & Accessories Mdse. Mgr.*
WILLIAM E. HUMPHREYS, *Treasurer*

Directors:
EDWIN J. BEINECKE
WILLIAM M. BLACKIE
WALTER DEICHES
WALTER HOVING
W. MAXEY JARMAN
WILLIAM T. LEONARD
WILLIAM T. LUSK
HUNTER S. MARSTON
EDWARD F. MCGINLEY
ALFRED W. MILES
PHILIP D. REED
SERGE SEMENENKO
MATT S. WIGGINTON
BEN H WILLINGHAM

INNES SHOE COMPANY
Group of medium-priced retail shoe stores in Los Angeles area—shoes for the family.
BRUCE G ALLBRIGHT, JR., *President*

INTERCONTINENTAL SHOE COMPANY
An organization providing technical and merchandising assistance to licensed manufacturers of our brands in other countries of the world
H. STEPHAN KLAUSNER, *Vice President*

JARMAN RETAIL COMPANY
Men's retail shoe stores featuring Jarman shoes.
J. STEWART BRONAUGH, *General Manager*

JARMAN SHOE COMPANY
Distributors of men's fine shoes.
EDWARD W GRAHAM, JR., *Vice President*

JOHNSTON & MURPHY SHOE COMPANY
Wholesale distributors of Johnston & Murphy top-quality shoes for men.
DUKE J. ROSE, *Vice President*

K L SHOE COMPANY
Manufacturers and wholesale distributors of women's shoes.
HARRY A. BASS, *President & Treasurer*
CHARLES R. MAJORS, *Vice President*

KLEVEN SHOE SALES COMPANY, INC
Wholesale distributors of women's medium-priced shoes
HARRY A. BASS, *President & Treasurer*

MANNEQUIN SHOE COMPANY
Medium-priced fashion wholesalers of women's shoes.
HARRY A BASS, *President & Treasurer*

MID-CONTINENT STANDARD RETAIL
An organization operating retail shoe stores and departments
C. EDWARD BRITTAIN, *President*

I. MILLER SALONS
Women's retail shoe salons, featuring I. Miller and related fashion lines
LESTER PORTER, *President*

I. MILLER SHOE COMPANY
Manufacturers and wholesale distributors of women's shoes
EDWARD RUSSELL, JR., *President*
MILTON MARCUS, *Vice Pres. & Sales Mgr.*
MISS MAXINE FIRESTONE, *Vice President & Design Director*

MURPHY RETAIL COMPANY
A retail organization operating stores and departments featuring Johnston & Murphy shoes.
WILLIAM A. ST. JOHN, *General Manager*

PYRAMID SHOE MANUFACTURING COMPANY
A group of manufacturing plants in Southern states making men's and children's shoes
BERNARD E. REED, *General Manager*

REPUBLIC SHOE COMPANY
Serves mail order and chain store accounts with men's, women's and children's shoes
CHARLES W. COOK, *President*
THAD D. BRUNSON, *Vice President*

TED SAVAL, INC.
Manufacturers and wholesale distributors of women's shoes with a California fashion influence.
R. E. BALDWIN, *President*

SENTRY SHOE COMPANY
Wholesale shoe distribution division servicing private label chain store accounts.
WILLIAM LYLE HAMMOND, *Executive Vice President*

SOMMER & KAUFMANN
Group of family shoe stores.
CLOVIS SAUNDERS, *President*
FRANK BRANDON, *Executive Vice President*

STORYBOOK SHOE COMPANY
Wholesale distributors of shoes for boys and girls.
CARLTON Y RICHARDSON, *Vice President*

WILLIAM J. THRIFT COMPANY
Low mark-up general merchandise stores
JAMES N. RAMSEY, *President*

TIFFANY & CO.
World-famous New York jewelers
WALTER HOVING, *Chairman*
WILLIAM T. LUSK, *President*

TRIANGLE SHOE MANUFACTURING COMPANY
An organization operating men's shoe manufacturing plants in the South.
C WILBON MARLIN, *General Manager*

VALENTINE SHOE COMPANY
Wholesale distributors of women's shoes.
FRANK FLEMING, *President*

VALMORE LEATHER COMPANY
Sells cut soles, whole sole leather and upper leather
N. C. CAUDILL, *President*

WHITEHALL LEATHER COMPANY
Upper leather tannery.
J. P. SAUNDERS, *President*

WHITEHOUSE & HARDY STORES COMPANY
Mens fine apparel stores in New York and other cities.
LESLIE F. VAIL, *President*

GENESCO Board of Directors:

HOWARD D. BALDRIDGE
WILLIAM M. BLACKIE
SAM A. BUCHANAN
H. NELSON CARMICHAEL
NOBLE C. CAUDILL
CHARLES W. COOK
EDWARD W GRAHAM, JR
WALTER HOVING
J. OWEN HOWELL, JR.
W MAXEY JARMAN
I. M. KAY
SIGMUND W. KUNDSTADTER
J. HARLAN LAWSON
BERNARD E. REED
JAMES P. SAUNDERS
HOUGHTON D. VAUGHN
WILLIAM H. WEMYSS, SR.
MATT S. WIGGINTON
OTIS C. WILLIAMS
BEN H. WILLINGHAM
E. DEVAUGHN WOODS

GENESCO Corporate Officers:

W. MAXEY JARMAN, *Chairman*
BEN H. WILLINGHAM, *President*
WILLIAM M. BLACKIE, *Executive Vice President & Chairman of Executive Committee*
MATT S. WIGGINTON, *Executive Vice President*
NOBLE C. CAUDILL, *Vice President & Treasurer*
JAMES P SAUNDERS, *Vice President & Secretary*
H. NELSON CARMICHAEL, *Vice President*
HOUGHTON D. VAUGHN, *Vice President*
E. DEVAUGHN WOODS, *Vice President*
SAM A BUCHANAN, *Vice President*
HOWARD D. BALDRIDGE, *Vice President*
OTIS C WILLIAMS, *Controller*
CHARLES W. COOK, *Assistant Vice President*
CANDLER W. BUTLER, JR., *Assistant Vice President*
JAMES H. CHEEK, *Assistant Secretary*
JAMES G. DELACEY, *Assistant Secretary*
MAURICE E. MILLER, *Assistant Secretary*
FRANKLIN M. JARMAN, *Assistant Treasurer*
T. DOUGLAS OXFORD, *Assistant Treasurer*
WILLIAM H. WEMYSS, JR., *Assistant Treasurer*
MAXWELL E. BENSON, *Director Public Relations*

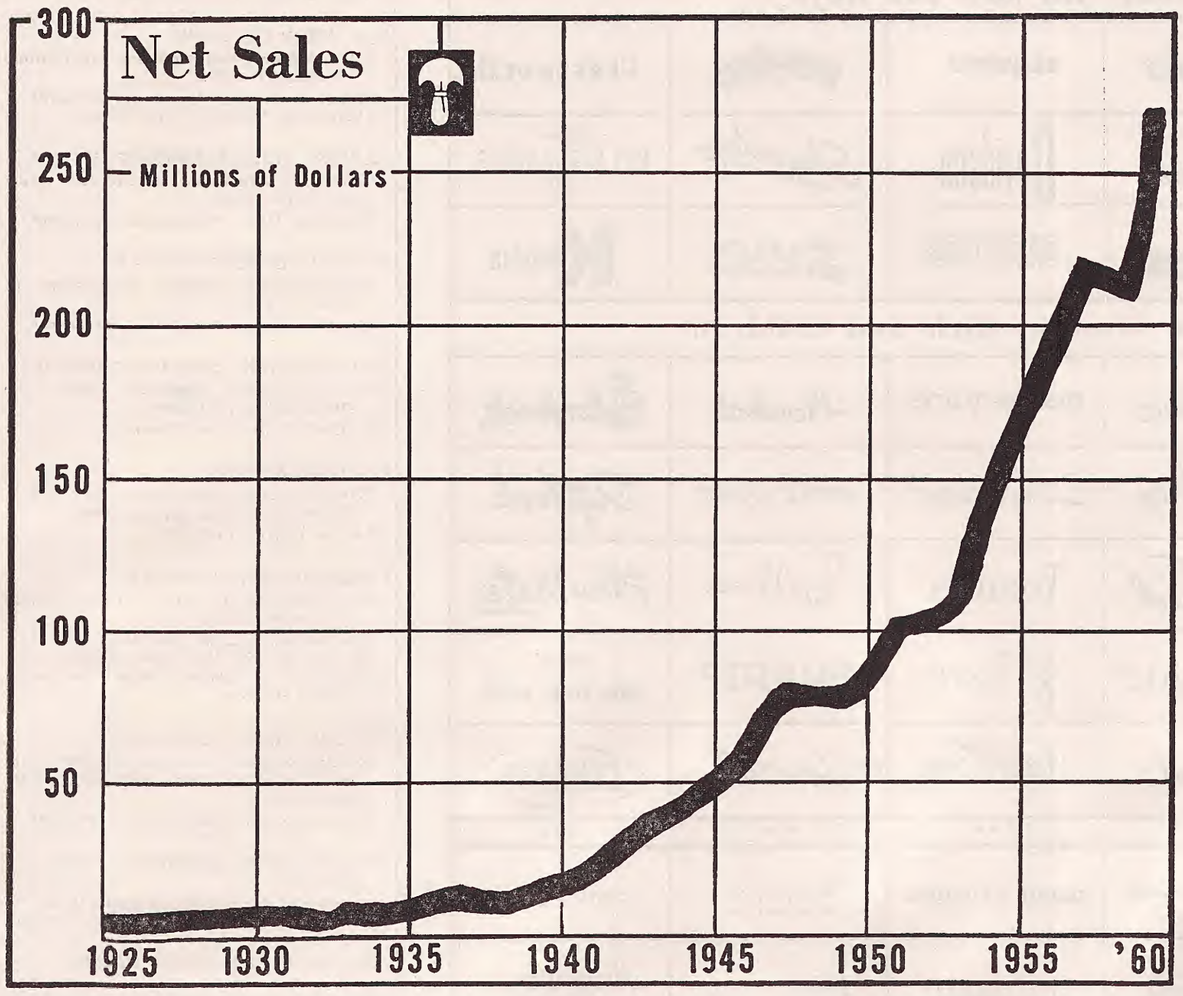
GENESCO

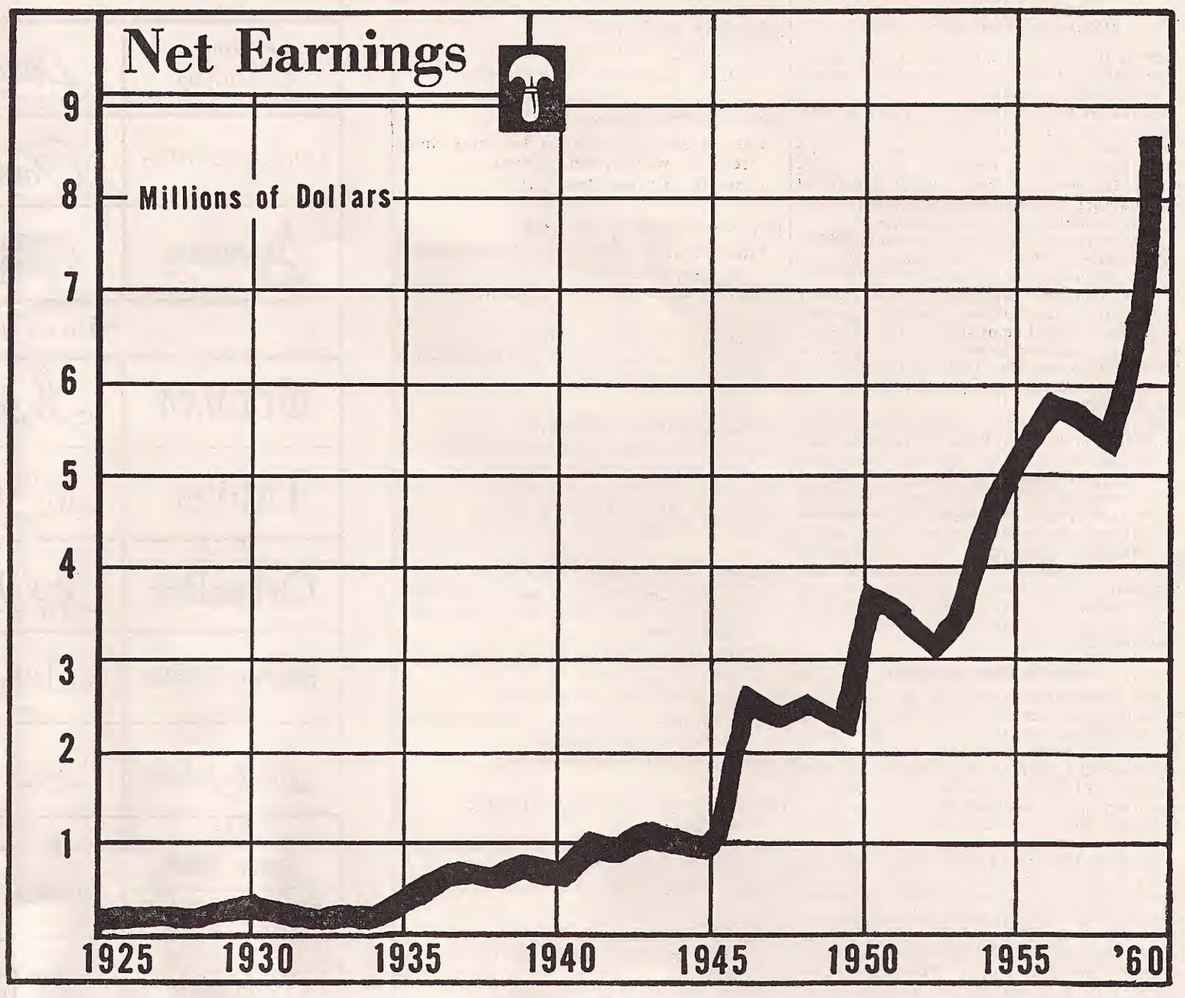
Corporate Offices:
111 Seventh Avenue, N. Nashville 3, Tennessee, U. S. A.

Transfer Agents:
Common stock: Morgan Guaranty Trust Company of New York, New York, and First American National Bank, Nashville, Tennessee.
All Preference stock: Morgan Guaranty Trust Company of New York, New York.

Registrars:
Common stock: Chemical Bank New York Trust Company, New York, New York, and Nashville Bank and Trust Company, Nashville, Tennessee.
All Preference stock: Chemical Bank New York Trust Company, New York, New York.

35 Years of GENESCO Progress: the Details





GENESCO's Sales Hit $276 Million

(Continued from First Page)

and to construct an administration headquarters building at this same site some time within the next three to four years. The Company engaged in vigorous expansion of its retail units during the past year, including units in shopping centers and roadside operations, as well as important downtown sections. Another new development is the establishment of a general merchandise low markup operation on an experimental basis. This has proved successful and seems to have good future possibilities.

Footwear Development

We have made real progress in new types of footwear construction with several varieties of vulcanized shoes, development of a vinyl injection molded process for work shoes and children's shoes, and an extruded plastic construction on low cost shoes. We have also put on the market during the past year our new Evershine leather in our Jarman men's shoes and our Acrobat children's shoes. This new development, worked out in our research laboratories and produced in our own tannery, has had a successful reception.

The number of shoes being imported into this country has been increasing rapidly every year, and our Company is engaged in a sizeable way in the import business. We have offices in various countries to facilitate import operations, as well as interests in some of their manufacturing operations. We are bringing in shoes for our own retail operations, and selling shoes to independent retailers as well.

It is our feeling that the industry deserves more adequate tariff protection, but in the absence of that we feel it necessary to be active in the import field to protect our interests.

Studies of the Foot

Our Research work has continued to enlarge its activities during the past year. This increasingly important and valuable adjunct to our business has included such things as the Evershine leather mentioned above, the application of certain chemicals for sanitary protection of footwear, the development of heel attachments to greatly improve the wear of this vital part of both men's and women's shoes, and the further development of adhesives. We are now engaged in extensive studies of the human foot—both at rest and in active walking—to be able to render worthwhile service to the industry in footwear designed scientifically to fit the greatest number of feet, measured in actual walking position.

As mentioned above, the Hoving Corporation, operating the Bonwit Teller stores in New York, Chicago, Cleveland, Boston, Manhasset, White Plains and Palm Beach, is controlled by our Company through about a 75% stock interest. This corporation ends its fiscal year January 31 and publishes a separate report to stockholders.

Subsidiary Reports

A copy of this report will be made available to any GENESCO stockholder on request. Through the Hoving Corporation, we also control Tiffany & Co., world famous silversmiths and jewelers in New York City. The annual report of Tiffany & Co. is also published separately after January 31, and a copy will also be made available to any GENESCO stockholder on request.

The Formfit Company, our new associate, is one of the outstanding companies manufacturing foundation garments for women. This has been a profitable business through many years, has excellent management and efficient operating plants in Indiana, Illinois and Nebraska. In addition, it has manufacturing plants in Canada, Jamaica, French Morocco; distribution interests in England, France and South Africa; and a minority interest in a manufacturing operation in Australia.

Specialized Basis

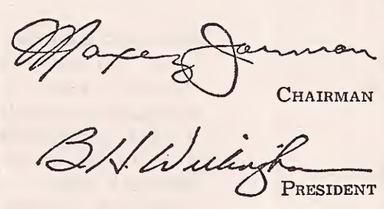
This company will continue to operate on a specialized basis with its own separate management, and has strong plans for further development of its operation. We are happy to welcome Mr. Sigmund Kunstadter, President of The Formfit Company, to the Board of Directors of GENESCO.

Our Company was organized thirty-five years ago, in 1924. Starting from a very small beginning, on a sound foundation, through adherence to sound principles and an aggressive development program, we have expanded into one of the major operations in the United States.

It is our feeling that, developing in a broad way in the apparel and footwear fields, we will be in a position to render unusual services to retail organizations of all sizes, and at the same time to keep ourselves abreast of distribution needs and problems through our own retail organizations.

We have favorable fields in which to develop the business, and expect important growth in both volume and earnings during the coming year.

Conditions in our industry are healthy, and we have a strong organization setup to take advantage of the fine opportunities that are ahead.



CHAIRMAN

PRESIDENT

Nashville, Tennessee
December 1, 1959

GENESCO
Common Stock

Earnings Per Share

1959	$2.66	1948	1.73
1958	1.89	1947	1.67
1957	2.07	1946	1.88
1956	2.32	1945	.86
1955	2.31	1944	.77
1954	2.11	1943	.95
1953	2.15	1942	.79
1952	2.06	1941	.82
1951	2.25	1940	.57
1950	2.52	1939	.80
1949	1.57		

GENESCO
Common Stock

Dividends Per Share

1959	$1.50	1948	1.25
1958	1.50	1947	1.25
1957	1.50	1946	.80
1956	1.43¾	1945	.50
1955	1.25	1944	.50
1954	1.25	1943	.50
1953	1.25	1942	.50
1952	1.25	1941	.45
1951	1.25	1940	.50
1950	1.25	1939	.525
1949	1.25		

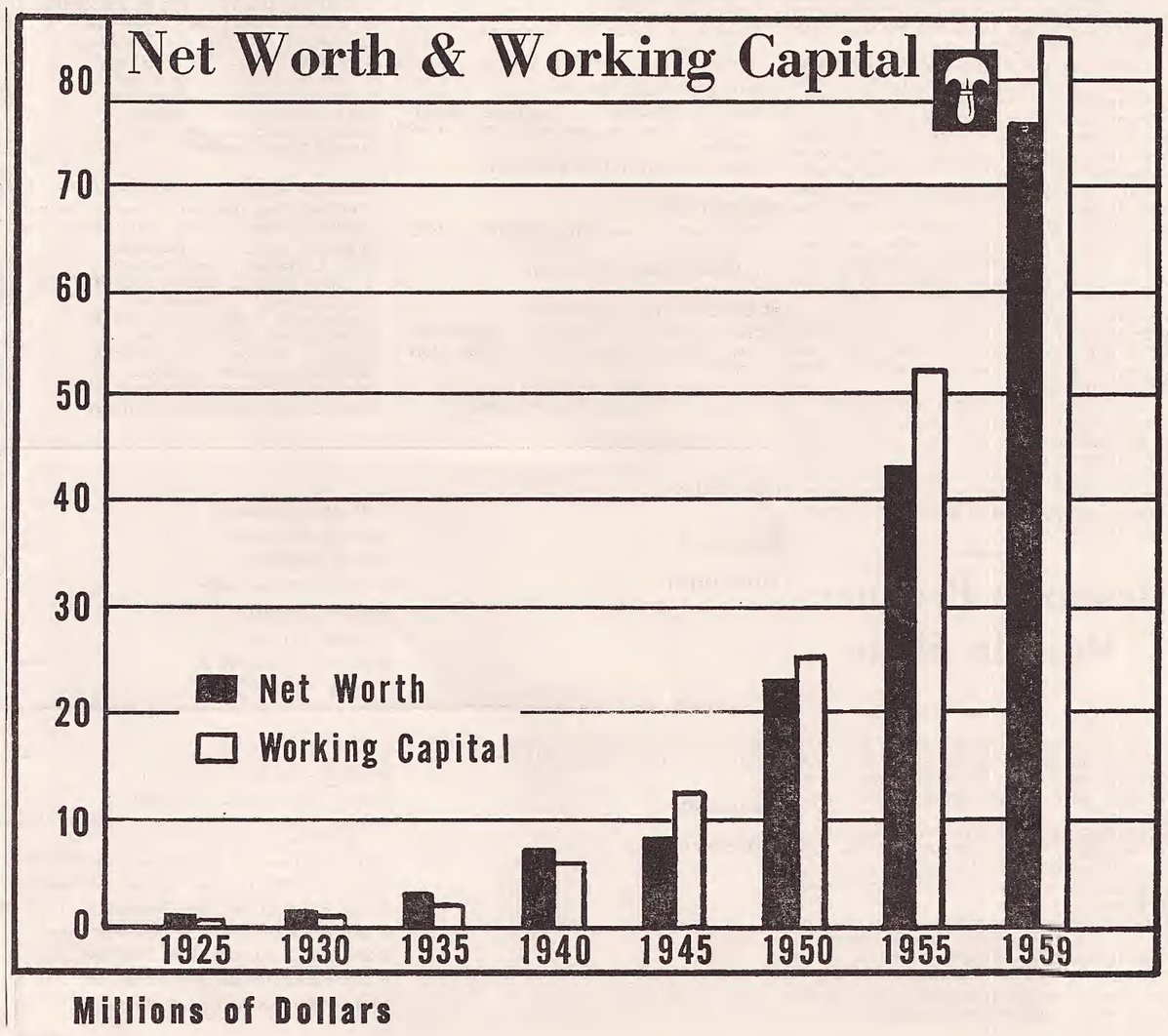
GENESCO
Common Stock

Price Per Share *(Year's Range)*

1959	$36⅜—27	1948	15¾—12½
1958	27¼—20¼	1947	18½—13
1957	27¼—21¼	1946	23½—14½
1956	33¼—24½	1945	15½— 9½
1955	31⅞—24⅞	1944	9⅞— 7⅜
1954	25¾—20½	1943	7⅝— 5
1953	25½—20⅜	1942	5 — 4⅛
1952	20 —18¼	1941	5¾— 4⅛
1951	19⅝—17	1940	7⅝— 5
1950	19⅞—15⅛	1939	7¾— 6¼
1949	15⅛—12		

Stock Listed on New York Stock Exchange July 1939

(All figures in above tables adjusted to reflect splits of common shares.)



GENESCO Inc. *and Consolidated Subsidiaries*

CONSOLIDATED BALANCE SHEET *as of October 31, 1959*
with comparative figures for the previous year.

ASSETS	1959	1958
Current assets:		
Cash	$ 9,878,081	$ 12,475,988
U. S. Government and municipal securities, at cost which approximates market	2,237,643	—
Receivables, less allowance for doubtful accounts and discounts	32,061,569	26,699,444
Inventories, at lower of approximate average cost or market:		
Finished shoes and other merchandise	48,911,056	39,974,592
Raw materials and work in process	11,976,377	8,178,853
Total current assets	105,064,726	87,328,877
Officers' and employees' stock purchase accounts, secured	670,251	828,534
Investments in and advances to subsidiaries not consolidated, less reserves (note 1)	7,215,071	6,421,308
Other investments, at cost	204,284	79,843
Plant, equipment, and leasehold improvements, at cost less accumulated depreciation and amortization $11,906,614	13,612,326	11,101,516
Investments in consolidated subsidiaries in excess of tangible equity	1,840,568	1,840,568
Patents and trademarks	1	1
Debt discount and expense, less amortization	238,964	257,801
	$128,846,191	$107,858,448

LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses, including in 1959 current debenture sinking fund requirement $375,000	$ 13,201,312	$ 7,701,993
Federal and state taxes on income, estimated	7,060,000	4,267,000
Total current liabilities	20,261,312	11,968,993
Long-term debt (note 2)	27,625,000	28,000,000
Minority interests	4,400,912	4,275,800
Stockholders' equity (notes 3 and 4):		
Cumulative preference stock of $100 stated value per share	13,378,900	14,014,200
Common stock of $1 par value per share. Authorized 5,000,000 shares; outstanding 3,019,286 shares	3,019,286	2,471,867
Additional paid-in capital	20,437,294	18,320,024
Earnings retained in business	39,723,487	28,807,564
Total stockholders' equity	76,558,967	63,613,655
	$128,846,191	$107,858,448

See accompanying notes to consolidated financial statements.

STATEMENT OF CONSOLIDATED EARNINGS *for the year ended October 31, 1959*
with comparative figures for the previous year.

	1959	1958
Net sales, including sales of leased departments	$276,422,417	$218,118,015
Cost of sales, selling, administrative, and general expenses (depreciation, amortization, lasts, dies, and patterns $4,341,495)	257,983,177	207,141,038
Interest on long-term debt	1,015,000	1,015,000
Other charges (income), net	317,939	(285,388)
Federal and state taxes on income, estimated	8,217,000	4,742,000
	267,533,116	212,612,650
Net earnings before minority interests	8,889,301	5,505,365
Less earnings applicable to minority interests	246,410	182,137
Net earnings for year	$ 8,642,891	$ 5,323,228
Statement of Consolidated Earnings Retained in Business		
Balance at beginning of year:		
GENESCO Inc. and consolidated subsidiaries	$ 28,807,564	$ 27,842,682
The Formfit Company	7,624,407	—
	36,431,971	27,842,682
Net earnings for year	8,642,891	5,323,228
	45,074,862	33,165,910
Dividends:		
Preference stock	622,592	652,661
Common stock	3,920,331	3,705,685
The Formfit Company, prior to pooling of interests	808,452	—
	5,351,375	4,358,346
Balance at end of year	$ 39,723,487	$ 28,807,564
Statement of Consolidated Additional Paid-in Capital		
Balance at beginning of year	$ 18,320,024	$ 18,234,110
Increase resulting from:		
Excess of par value of The Formfit Company stock over the par value of GENESCO Inc. stock issued in exchange, net of expenses	1,798,892	—
Excess of sales price over par, and stated value over cost, of common shares sold and preference shares purchased	318,378	85,914
Balance at end of year	$ 20,437,294	$ 18,320,024

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Principles of Accounting:

All subsidiaries are consolidated except three subsidiaries which engage in operations of an unrelated nature, and six subsidiaries whose assets and operations are not considered significant, in the aggregate. The equity in the earnings of the nonconsolidated subsidiaries for the year amounted to $163,592 of which $78,278 was received in dividends. The total equity in the nonconsolidated subsidiaries exceeds the investment costs less reserves by $1,027,262.

During 1959, GENESCO Inc. issued 535,000 shares of its common stock in exchange for all of the outstanding stock of The Formfit Company. For accounting purposes this transaction has been treated as a "pooling of interests," accordingly, the consolidated financial statements for 1959 include the accounts of The Formfit Company as if such pooling of interests had taken place at the beginning of the year.

(2) Long-term Debt:

The long-term debt consists of the following:

3.30% debentures dated March 1, 1955, due March 1, 1980 with annual payments of $375,000	$ 9,625,000
3.25% notes payable dated January 1, 1955, payable $278,000 semi-annually beginning July 1, 1962 with final payment on January 1, 1980 equal to unpaid balance	10,000,000
4.50% note payable dated July 29, 1957, payable $2,666,666 annually beginning November 30, 1961	8,000,000
	$27,625,000

(3) Stockholders' Equity:

The various debt indentures and the Series D preference stock restrict stockholders' equity except as to $29,178,414.

Preference stock is comprised of:
Cumulative preference stock of $100 stated value per share.
Authorized 172,000 shares; outstanding:

Series A, $3.50 dividend, 30,659 shares	$ 3,065,900
Series B, $5.00 dividend, 16,521 shares	1,652,100
Series C, $4.50 dividend, 13,809 shares	1,380,900
Series D, $5.00 dividend, 72,800 shares	7,280,000
	$13,378,900

(4) Stock Options:

GENESCO Inc. has a restricted stock option plan under which 125,000 shares of common stock were reserved for issuance to employees at not less than 85% of the quoted market value at date of grant. Under this plan, options on 62,534 shares have been granted at $19.34 per share, of which 9,949 shares have been issued including 8,079 shares in 1959. Options expire approximately 8 years after date of grant.

In addition, 60,000 shares were reserved under a stock purchase plan for employees whereby they can acquire stock at 90% of market value but not less than book value. Under this plan 4,337 shares were issued in 1959 at prices averaging $28.87 per share.

Accountants' Report

THE BOARD OF DIRECTORS AND STOCKHOLDERS
GENESCO Inc.

We have examined the consolidated balance sheet of GENESCO Inc. and its consolidated subsidiaries as of October 31, 1959 and the related statements of earnings, earnings retained in business, and additional paid-in capital for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and statements of consolidated earnings, earnings retained in business, and additional paid-in capital present fairly the financial position of GENESCO Inc. and its consolidated subsidiaries at October 31, 1959 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell & Co.

Nashville, Tennessee
November 23, 1959

46 Plants In 14 States

MEN'S—BOYS' SHOES
ALABAMA—Huntsville; GEORGIA—Atlanta; MASSACHUSETTS—Holliston; TENNESSEE—Nashville (2), Gallatin (2), Tullahoma, Pulaski, Lewisburg, Waynesboro.

WOMEN'S SHOES
CALIFORNIA—Los Angeles; GEORGIA—Lawrenceville; KENTUCKY—Frankfort, Danville; MASSACHUSETTS—Spencer, Lawrence; MISSISSIPPI—Ripley, Iuka, Fulton; NEW HAMPSHIRE—Manchester; NEW YORK—New York City (2), Long Island City; PENNSYLVANIA—Carlisle, Harrisburg; TENNESSEE—Nashville, McMinnville, Cowan.

CHILDREN'S SHOES
GEORGIA—Carrollton; TENNESSEE—Camden, Hohenwald, Centerville.

OTHER PLANTS
MICHIGAN—Whitehall (Upper Leather Tannery); TENNESSEE—Nashville (Rubber and canvas shoes for men, women and children; sole-cutting, box-making, chemicals, adhesives, heel-finishing).

FORMFIT PLANTS
ILLINOIS—Chicago (2), Monmouth; INDIANA—Jasonville; NEBRASKA—Beatrice, Crete.

Affiliations In 17 Foreign Countries

AUSTRALIA
CANADA
CHILE
COLOMBIA
FRANCE
GERMANY
GREAT BRITAIN
ISRAEL
JAMAICA
JAPAN
MEXICO
MOROCCO
PERU
EL SALVADOR
SOUTH AFRICA
SWITZERLAND
URUGUAY

Business Summary

Analysis of GENESCO Total Operations for 12 Months Ending October 31, 1959

Men's footwear manufactured	23%
Women's footwear manufactured	21%
Children's footwear manufactured	5%
Shoe components manufactured	5%
Apparel and other merchandise manufactured	8%
Footwear retailed	23%
Apparel and other merchandise retailed	15%
Total	100%

15-Year Statistical Review

GENESCO *Consolidated*

	Total Volume of Business	Net Sales Less Inter-Branch Business	Income Taxes	Net Earnings	Per Cent of Net Earnings to Net Sales
1959	$318,994,324	$276,422,417	$8,217,000	$8,642,891	3.13
1958	252,513,050	218,118,015	4,742,000	5,323,228	2.44
1957	260,491,846	223,266,996	5,345,000	5,798,590	2.60
1956	230,647,014	195,159,136	5,138,000	5,912,698	3.03
1955	201,300,993	167,863,881	4,776,000	5,262,135	3.13
1954	177,460,810	150,074,016	4,332,000	4,780,052	3.19
1953	137,337,975	111,179,210	4,485,000	3,565,829	3.21
1952	129,184,661	104,285,545	3,257,000	3,340,503	3.20
1951	128,284,627	103,238,890	2,954,000	3,570,939	3.46
1950	105,314,604	84,441,016	2,377,000	3,896,715	4.61
1949	96,066,589	77,694,162	1,521,000	2,416,379	3.11
1948	99,580,268	78,682,562	1,544,689	2,639,762	3.35
1947	97,248,511	78,142,458	1,937,792	2,566,500	3.28
1946	75,367,861	61,133,798	2,207,123	2,755,372	4.51
1945	61,122,583	51,177,677	3,174,200	1,110,749	2.17

	Outstanding Shares Common Stock*	Depreciation and Amortization	Earnings Reinvested in Business Development	Current Assets	Current Liabilities	Net Worth
1959	3,019,286	$4,341,495	$3,291,516	$105,064,726	$20,261,312	$76,558,967
1958	2,471,867	3,937,764	964,882	87,328,877	11,968,993	63,613,655
1957	2,469,954	3,608,252	1,415,080	83,672,717	10,683,664	63,197,546
1956	2,469,954	2,984,454	2,155,459	79,465,823	12,601,851	62,007,554
1955	2,148,658	2,764,615	2,277,024	60,139,933	8,290,930	43,097,524
1954	2,148,464	2,715,266	1,920,345	51,310,281	8,009,772	41,049,121
1953	1,629,932	1,703,984	1,410,941	37,708,599	6,812,959	29,125,853
1952	1,533,060	1,630,415	1,234,308	34,909,457	5,607,942	27,140,887
1951	1,498,526	1,470,105	1,510,929	34,433,741	5,324,291	25,243,208
1950	1,467,580	1,253,112	1,918,216	29,501,823	4,268,950	23,233,487
1949	1,410,818	1,016,788	448,858	25,413,805	2,694,871	20,155,651
1948	1,410,264	1,146,767	669,562	24,580,470	1,847,178	19,749,974
1947	1,409,836	883,900	593,235	18,146,404	2,143,718	19,225,654
1946	1,408,642	547,675	1,560,922	17,723,628	1,309,947	18,692,768
1945	1,254,782	401,921	443,654	14,363,699	1,485,880	9,382,976

*Reflects two for one split effective March 9, 1956.

The GENESCO Annual Report

• *GENESCO, until March, 1959, was General Shoe Corporation*

ANNUAL MEETING

The annual meeting of stockholders of GENESCO Inc. will be held Monday, March 7, 1960, at the corporation headquarters, 111 Seventh Avenue, North, Nashville 3, Tennessee, U.S.A.

Appearing In THE WALL STREET JOURNAL, TUESDAY, DECEMBER 1, 1959

This Unique Report Issued on a Fast As News Basis

Use of Wall Street Journal Is A First in Business and Financial Publishing

The 1959 annual report for GENESCO, which appears on this and the following three pages, marks the first time a major corporation's complete annual report has been presented as fast as news itself to all concerned, from stockholders to the entire business and financial community.

It is being published in THE WALL STREET JOURNAL, largest medium of business and finance, in all four of its editions reaching readers from coast to coast.

The report has been mailed in reprint form to stockholders, within three days time from the completion of the accountants' work sheets.

Thus, in its completeness plus its speed of delivery all over the country, its method of presentation provides a fitting showcase for the company's first report under its new name, GENESCO.

It breaks away from the trend which annual reports have been following over the past decade. They have become more beautiful to look at, more elaborate in concept, more complete in terms of reproduction of advertising and product promotion.

In reversing this trend, GENESCO's 1959 annual report steps out with documented facts at a spot news pace. There is background on the company, its management and its plans. But the hard core of this report is in the fine points of the company's comparative financial status, told in comprehensive tables and charts.

The report was created and executed by the Manning Public Relations Firm, New York.

GENESCO Highlights for 1959

THE FIGURES FOR YEAR ENDED OCTOBER 31	1959	1958
Total Volume of Business	$318,994,324	$252,513,050
Net Sales to Customers	276,422,417	218,118,015
Operating Income	17,106,301	10,247,365
Income Taxes	8,217,000	4,742,000
Net Earnings	8,642,891	5,323,228
Earnings Per Share	2.66	1.89
Total Taxes Per Share	4.36	3.55
Percent of Net Earnings to Net Sales	3.13	2.44
Dividends Per Share of Common Stock	1.50	1.50
Net Worth	76,558,967	63,613,655

•

NEW CORPORATE NAME: Since March of this year, our corporate name has been **GENESCO** and our abbreviated symbol on the New York Stock Exchange board has been **GCO.** The reasons behind that change from General Shoe Corporation are explained in a story below (column 3); the 35-year history that led up to it are summarized at right (column 4).

•

NEW FAMILY MEMBER: Our roster of operating companies now stands at 61. Newest member is the Formfit Company, one of the top-ranked makers of women's foundation garments, which **GENESCO** acquired in September. This Chicago-based company increased our domestic manufacturing operations to 47 plants in 14 states, raised our foreign affiliations to 17 countries on all continents of the globe.

•

SHINE OF RESEARCH: Highlight of **GENESCO**'s research and development for the year is Evershine leather, which made its debut on Jarman and Acrobat shoes in October at the National Shoe Fair in Chicago. Evershine leather brings to footwear the first shoes with a built-in shine. (For details of this and other research, see story starting in column 5, this page.)

•

FAMILY FOOTWEAR GARDEN: For No. 1 Garden Lane in San Francisco, they carved out a whole new street. The address belongs to **GENESCO**'s Sommer & Kaufmann department store of shoes for the family, a new showplace in our roster of more than 700 retail shoe outlets across the country. (See story in column 1, below.)

•

SHOES RIDE THE TRAIN: Next summer, a special train will begin a five-year journey down the rails of "Main Street, U. S. A." That's the name of the successor to the "Freedom Train;" in its cars will ride the story of the shops and wares of a half-century of America's Main streets, and riding with it will be **GENESCO,** with the train's exclusive footwear exhibit for the first two years (See story in column 2, below.)

A Summary of the Company's 35 Year History

GENESCO Was Founded As the Jarman Shoe Company in Nashville in 1924

Jarman Shoe Company was founded in Nashville, Tenn., in August 1924, as a partnership by James Franklin Jarman and William Hatch Wemyss. Both men had long been associated with a shoe manufacturing concern.

Jarman, a man of deep religious convictions, became dissatisfied with the business with which he was connected. After spending two days in prayer seeking divine guidance, he decided to open his own shoe manufacturing business and thus abandoned a job paying at the time $45,000 annually, and with Wemyss founded the Jarman Shoe Company. The original plant capacity was 300 pairs a day, and the original capital was $130,000.

The first products were men's shoes to retail at $5, made of calfskin, leather that would shine. Calfskin shoes were not generally available to the trade to retail at that price at the time. At the end of the first year of operation, the Company had done a million dollars business and had made a small profit—and has made a profit every year since.

In July 1925, the Company was incorporated, still under the name Jarman Shoe Company, and other close associates became stockholders and officers in the corporation.

Remarkable Growth

By specializing on a one price product with some unusual features in service and design, the Company showed remarkable growth every year. Even some of the difficulties that came along proved to be advantages in the end.

In January 1927, the building in which the Company's business was located was flooded by the Cumberland River. In spite of valiant efforts to move out materials, records and machinery, there was considerable damage.

In 1928, it was decided to acquire property on higher ground and to build a larger plant. By the end of that year, the business was moved to the new location.

The collapse of the stock market in the fall of 1929, and the ensuing depression, did not affect the growing company for some time. Each year showed an increase over the previous year, and 1931 was the largest year the Company had had up until that time. During that period the Company began a program of national advertising, and also began to open some of its own retail stores.

The serious depression did make itself felt, however, in the year 1932. The shoes were still being sold at the same retail price of $5 and the market for that grade shoe had dropped. All other manufacturers had reduced their prices.

Change of Name

The Company, however, introduced a line of $5 riding boots which were sold in relatively large quantities. Then a new line of men's shoes to retail at $3.50, under the name Fortune, was added in 1932. With these extra developments, the business showed a small profit in 1932, although the volume declined seriously from the previous year.

At the end of that year it was decided to change the name of the Company because of its plans for the future and because it had another division besides Jarman Shoe Company. J. F. Jarman became Chairman of the Board of Directors of General Shoe Corporation, and W. Maxey Jarman became President.

During the depression years of the 1930's, the Company undertook a broad scale expansion program and by 1939 had opened a number of other plants in smaller communities in Tennessee, added several other sales divisions, acquired a women's shoe manufacturing division in Atlanta, Georgia and another women's shoe manufacturing business in Frankfort, Ky.

The Company began to establish a public market for its stock, distributing it through local brokers in Tennessee. Also during this period the Company developed its own retailing program, opening new types of men's stores on a chain store basis, using brands especially designed for the chain stores. Also the Company added divisions handling private brand shoes for other larger chain operations.

J. F. Jarman died in 1938, but left a foundation of strong principles and policies for the growing business.

Listed on Exchange

In 1939 the common stock of General Shoe Corporation was listed on the New York Stock Exchange, and the Company became a public company with a growing list of stockholders.

The decade of the 1940's was overshadowed in every way by World War II. Even before the United States entered the war, the European conflict put considerable upward pressure on the prices of materials and products.

The Company broadened its production of its own materials to assure sources of supply and to be able to get the best possible prices. This included a chemical plant for the production of polishes, chemicals, adhesives and other materials used in shoe manufacturing; the acquisition of an upper leather tannery in Michigan; long term contract arrangements for the tanning of sole leather; inauguration of a Research Department.

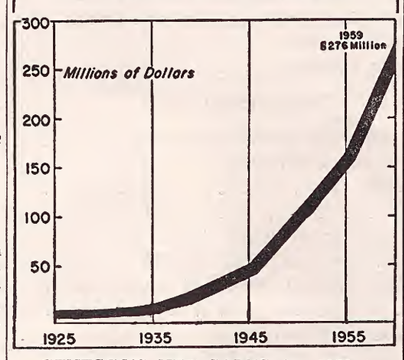
The Company also arranged to go into the manufacture of military shoes for the United States government, and this became a sizeable part of the production during this period.

Rigid controls on the use of materials, the design of shoes, and prices complicated operations very considerably during this period.

Several of the Company's executives served in different control agencies in Washington during this period. The Company also expanded its foreign operations, acquiring controlling interest in shoe manufacturing plants in Mexico City and in Lima, Peru. Additional manufacturing plants were established in this

(Continued on Page 4)

35 Years At a Glance



GENESCO'S NET SALES for 1959 totalled $276,422,417, a gain of 27% over 1958's figure of $218,188,015. Net earnings were $8,642,891, compared to $5,323,228 a year ago. *(See detailed charts and tables on pages 2 and 3.)*

From 'Shineable' Shoes to a Shine That's Built In

Evershine Leather Highlights the Story of Research at GENESCO

NASHVILLE — A revolutionary leather called Evershine, which makes possible the world's first shoes with a built-in shine, is the latest advance in footwear to come out of GENESCO's research and development program.

It is a leather of such closely packed fibers and so strong and durable a finish that it repels stains and dirt, is easier to clean when it does get soiled, and needs only washing with water and a simple buffing with a soft cloth to bring back its bright shine.

And it has additional significance: in an industry where most research is devoted to new styles, rather than new products, Evershine leather has built into shoes a new idea —a service the shoe wearer has never had before in service types of leather.

Evershine leather marks a research milestone for GENESCO. Thirty-five years ago the company began business with the first mass market calfskin shoes that would take a good shine. This Fall it introduced the first built-in shine, initially on shoes in the Jarman (men's) and Acrobat (children's) lines.

Boon to Manufacturing

Developed by a GENESCO tannery subsidiary, Whitehall Leather Co., after three years of scientific study and months of test-wearing, Evershine leather is a boon not only to shoe wearers but to the high cost of shoe manufacturing itself.

In the course of manufacture the uppers go through some 200 separate operations, in any one of which the original tannery finish may be soiled or otherwise disturbed, thus requiring a further shoe finish restoring process.

It was to eliminate just such duplication of effort in the tannery and the shoe plant that first pointed GENESCO researchers in the direction of Evershine, a leather whose fibers must be closely packed and whose finish is built right from the bottom with the toughest coatings available today. But it quickly became evident that Evershine's manufacturing improvements could be of much greater benefit to the consumer.

Permachem vs. Athlete's Foot

Nor is Evershine the only major new contribution of GENESCO research. The company is also the first shoe manufacturer to be franchised to use a highly effective new chemical called Permachem.

Developed and produced by Permachem Corp., the chemical is a long-lasting fungicide-bactericide that kills germs on contact. First drawn to national notice last March, Permachem proved, in intensive tests conducted at Columbia University's Francis Delafield Hospital, the deadliest answer yet found for the dread staphylococcus infections plaguing many hospitals.

Since then, a number of new uses have been found for the versatile Permachem antiseptic in everything from textiles to air conditioning filters. But GENESCO was especially impressed with the advantages such treatment would offer in footwear.

Because bacteria and fungi attack is one of the principal causes of fabric and lining decay, shoes treated with Permachem should last longer and at the same time offer health protection. Reason: the fungi that cause athlete's foot cannot live in contact with Permachem, and a treated shoe cannot be a source of infection. First large-scale use of Permachem by GENESCO is in its Koolene line of molded shoes.

New Soling Development

Still another footwear advance—now in actual operation—is a new development in soling.

Ordinarily, the shoe sole is attached to the upper by stitching or cementing. The new process, which GENESCO is the first to use commercially, has been installed in the new addition to GENESCO's Centerville, Tenn., children's plant.

Under this process, the sole is formed and is attached to the upper of the shoe in a single injection molding operation. This method eliminates approximately 30% of the individual shoemaking operations incidental to attaching soles in this type of shoe.

By thus creating a single unit with a watertight seam between the sole and the upper, the process also makes for a lightweight, flexible shoe that lessens the breaking-in process. This new type of sole is extremely long-wearing, and is impervious to water and many chemicals.

The all vinyl sole created under this process

(Continued on Page 4)

GENESCO's Net Sales for 1959 $276 Million

Report to the Stockholders Shows Net Earnings Up 62 Percent

By W. MAXEY JARMAN
Chairman, and
BEN H. WILLINGHAM,
President

In our business year ended October 31, 1959, net sales to customers were $276,422,417. Compared with last year, this represents an increase of 27%.

Net earnings after taxes and allowances for minority interests were $8,642,891, or $2.66 per share on the common stock. This represents an increase of 62% in the total net earnings, and an increase of 41% in the earnings per share on the outstanding common stock.

Measured in every way, these figures tell the story of the greatest year that our Company has ever had. It has been a good step forward in our growth program.

During the year we paid out our 109th quarterly dividend on common stock. In other words, for over twenty-seven years our Company has paid a dividend every quarter on its common stock. Dividends this year were $1.50 per share. Total dividends have averaged approximately 65% of the total net earnings during the past five years. Dividends on the preference issues have been paid in accordance with the terms of the issues.

The Formfit Company

During the past year, after approval at a special stockholders' meeting, our Company issued 535,000 shares of common stock in exchange for all of the common stock of The Formfit Company of Chicago. Because this acquisition was based on a pooling of interest, the sales and earnings for the entire twelve months of The Formfit Company are incorporated in the total sales and earnings of our Company, and the balance sheet reflects the combined assets of the companies on a consolidated basis.

Operations of The Formfit Company which were incorporated in our over-all figures on a pooling of interest basis amounted to $26,461,905 of net sales to customers, and $1,565,037 of net earnings. Without Formfit, our net earnings per share of common stock would have been less by .05¢ per share. Even without the inclusion of the Formfit operations for any part of the year, the year would have represented by far the largest in the history of our Company, both from the standpoint of sales volume and earnings, and earnings per share of common stock.

Through our subsidiary operation, the Hoving Corporation, of which our Company owns approximately 75%, we acquired during the past year the Gunther Jaeckel Company of New York. This well known retail operation—consisting primarily of a fur and apparel business —occupied an excellent building adjoining the Bonwit Teller store in New York. While the operation is being continued on a separate basis, it is under the general supervision of the Bonwit Teller organization.

Change of Name

At our annual stockholders meeting last March, stockholders voted to accept the recommendation of management to change the name of the Company from General Shoe Corporation to GENESCO. Because of the more diversified character of our business, it was felt necessary to remove the limiting factor implied in the former name of the Company. The new name—GENESCO—has been well accepted by the trade, by the financial community, and by the public in general. We have been pleased that this change has taken place smoothly.

We announced during the past year plans to erect a new plant in Nashville, Tennessee, to make our highest grade men's shoes. These plans are still moving ahead. It is expected that we will break ground in about January or February of 1960.

It is also planned eventually to erect additional manufacturing plants in this same area near the airport at Nashville,

(Continued on Page 3)

No. 1 Garden Lane: World's Biggest Shoe Store

Sommer & Kaufmann Project in San Francisco Has Five Floors of Footwear

SAN FRANCISCO — A million-dollar GENESCO project so big and so ingenious that an entire new street had to be carved out here between Market and Ellis Streets recently culminated not only in a new address, but in a new dimension in footwear retailing.

The result is No. 1 Garden Lane, a street complete with benches and seasonal plantings that is the site of the new Sommer & Kaufmann department store of shoes for the family. With five floors of footwear for every member of the family, the new super shoe store is probably the world's biggest.

The new Sommer & Kaufmann shoe showplace is the latest GENESCO achievement in modern design and completeness. In addito Sommer & Kaufmann, the parent shoe company owns and operates more than 700 other retail shoe outlets across the country.

Mosaic "Shoe Tree"

Planned to please the eye as well as the foot, the Sommer & Kaufmann shoe salon includes a private patio complete with flowers and shrubs, a curving mural of Golden Gate Park, a miniature fish pond and a mosaic espaliered "shoe tree" for decoration.

On the first floor of the store is Garden Court, which features women's dress shoes. Nearby is a Terrace Shop for accessories and a "golden staircase" leading to Sommer & Kaufmann's I. Miller Salon and the new quarters of San Francisco Coutourier Mme. Henri.

The third floor spotlights women's casual shoes, co-ed and teen-age footwear and a "Woman in White" shop for all women who wear uniforms.

Another flight up leads to the children's shoe department with its "Big Circus" decor, rocking horses and two live monkeys appropriately named Miss Ess and Miss Kay.

"Lion's Den" for Men

For men, there is "The Lion's Den" with a wide selection of American and Continental shoes along with a private entrance.

Actually, No. 1 Garden Lane is the completely remodelled successor to the Sommer & Kaufmann parent store which formerly stood on the same site. The retail shoe chain has six other California outlets from San Mateo to Palo Alto, and is planning more this year.

Credit for the new shoe showplace belongs to S&K President Clovis Saunders, who got the idea for it about a year ago while on a business trip to New York.

GENESCO top executives were enthusiastic in their approval and the splendid results have fully justified the whole plan.

GENESCO'S Symbol

IN THE EARLY DAYS of fine shoemaking, French craftsmen proudly used as their symbol the razor-sharp bench knife or skiver. By artful skiving or shaving of quality leathers, and by making every part of every shoe with affectionate professionalism, they produced the world's finest shoes of the eighteenth century.

Years ago GENESCO adopted this same bench knife as its own symbol of fine workmanship in shoes. Whereas the French had adopted the bench knife into their coats-of-arms, widely heralding their perfection in work, GENESCO shoemakers likewise incorporated this same symbol to stand for their work in the making of men's, women's and children's shoes.

With the bench knife goes this meaningful slogan: "Symbol of Good Workmanship."

50 Years of Shoes Ride Train Down Main St. U.S.A.

DEARBORN, Mich.—One day next summer a special train will put out from here, home of the Henry Ford Museum and Greenfield Village, and start on a journey that will take in the entire country, and last for five years.

The train, conceived as a successor to the extremely successful "Freedom Train" that lured millions of visitors with its displays of American life, will be known as "Main Street U.S.A."

Carrying its own American panorama, the special train will tour the nation, give visitors everywhere a chance not only to see, but to shop the stores and wares along the Main Streets of 50 years ago.

Shoe-Shoe Train

Participating in the Main Street U.S.A. exhibit will be scores of the best known companies in the nation. Among them: GENESCO, which will have the train's exclusive footwear display for two years.

In what is described as "an important section of the train," GENESCO plans to outfit its display with a wide assortment of American footwear styles through the past half-century, featuring everything from hob-nailed boots and high-button shoes to milady's very first high heels.

Also slated for exhibit are GENESCO's newest lines, pointing up the latest trends in footwear from such famed GENESCO names as Delman, I. Miller, Johnston & Murphy and Jarman.

The tentative Main Street U.S.A. timetable calls for the train to open at the Ford Museum and Greenfield Village next April, then proceed to cover the Atlantic Seaboard from New York to Florida during the first year.

New Company Name Important Part Of Expansion

GENESCO Offers Appropriate Broad Title For Firm's World-Wide Growth

NASHVILLE — The 35th annual report of this corporation is the first it has issued under its new name—GENESCO Inc., a name that came into being in March, 1959, to supplant General Shoe Corporation.

The corporation's story leading up to GENESCO is told in an adjoining column on this page. The story behind the new name is an appropriate broad title for the company's growth to world-wide manufacturing and retailing operations.

"A change in our corporate name," said GENESCO Chairman W. Maxey Jarman at the time of the name change, "is an important part of our program for multi-million-dollar expansion of plants and stores, increased diversification through new acquisitions and a very substantial increase in earnings."

That expansion has swelled the stature of the company from a southern shoe manufacturer to an organization of 61 operating companies from a dozen diversified industrial areas into high-fashion and retailing fields.

The corporate body draws its strength from sales of leather and chemicals; from broad lines of manufacturing including many of the most famous brands of men's, women's, and children's shoes; from the manufacture of flat silver, and from such exclusive retail operations as Bonwit Teller, Henri Bendel, and the world-renowned Tiffany's.

Its 47 major factories in 14 states, more than 18,000 employees and 20,000 dealers range from Nashville to Australia and include affiliated manufacturing and retailing operations in 17 countries.

It seemed appropriate that such broadscale operations demanded an all-encompassing corporate name. GENESCO was chosen after long research, a survey of more than 900 possible names, and personal meetings between company executives and leaders in industry and finance.

Topping the current expansion is a $15 million project for new GENESCO world headquarters and plants in Nashville.

Diversification: 2-Way Street for Industry

NASHVILLE — "Diversification is no magic formula for any company's success," declares GENESCO President Ben H. Willingham. "But when intelligently planned and efficiently executed it can provide new directions and new opportunities even for an old-line company."

GENESCO's President gives the full range of his views on diversification in a very recent issue of THE EXCHANGE magazine. A reprint of this article will be made available to any reader upon request to GENESCO, Nashville, Tenn.

GENESCO

Diversified manufacturer, retailer and distributor of apparel and footwear.

NEWSLETTER

October, 1960

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CORPORATION FILE

Published by Genesco, Inc., Nashville, Tennessee. Further details and photographs may be had by writing to Maxwell Benson, GENESCO, Nashville, Tenn., or to Philip C. Wallach, 3 West 57th Street, New York 19, N. Y.

GENESCO ENTERS MADE-TO-ORDER SHIRT FIELD

Individualized, made-to-order shirts will be manufactured by a Genesco division beginning in early October. George E. Zimmerman has joined Genesco's Whitehouse & Hardy group of men's clothing stores to head the operation. Mr. Zimmerman formerly was executive vice president of The Custom Shop, a chain of twenty-five stores specializing in custom-made shirts.

A nine-thousand square-foot plant in Paterson, New Jersey, will be supervised by Lewis F. Galacio, former plant and production manager for The Custom Shop. Shirts will be sold through the Whitehouse & Hardy chain of five stores in New York and its other stores in Detroit, Miami Beach, and Fort Lauderdale, Genesco's Frank Bros.-Fenn-Feinstein stores in New York and New Haven, and Roger Kent stores, as well as other stores throughout the country.

Shirts will be available in a wide range of fabrics such as Sea Island cotton, British voiles, broadcloth and oxfords. There will be a choice of more than forty various colors, body styles, cuffs, buttons, etc. Prices will range from $6.50 to $15.95.

SALES SET SEPTEMBER RECORD

Sales for Genesco for the month of September reached an all-time high. In addition, retail volume not only showed an increase over September 1959 but was a record for any previous September.

STOCKHOLDERS TO RECEIVE NEW CREDIT CARD

All stockholders of Genesco will receive a new credit card shortly. In the "Diners' Club" format, it will list all stores in which stockholders will automatically be able to charge their purchases; among them will be Bonwit Teller, Henri Bendel, Frank Bros.-Fenn-Feinstein, Whitehouse & Hardy, I. Miller, and Roger Kent.

WHERRY ELECTED TO BOARD OF GOVERNORS OF GENESCO

Edgar Wherry, newly named President of both the Hoving Corporation and Bonwit Teller, has been elected to the Board of Governors of the parent company, Genesco. The board meets quarterly, usually in Nashville. Mr. Wherry was Vice President of J. W. Robinson Company, Los Angeles, and previously had been with Lord & Taylor for 25 years. At Robinson, for almost five years, Mr. Wherry was in charge of ready-to-wear, furs, children's wear and intimate apparel.

MACY'S LAUNCHES GENESCO'S "NUMBER 26" SHOE WITH MAJOR ADVERTISING CAMPAIGN

Full-page advertisements in New York newspapers heralded Genesco's Number 26 children's shoes to customers of Macy's stores in Greater New York. The shoe is being introduced by other famous stores throughout the United States. The advertisement stated, in part, that

"years of research and experimenting at a great eastern university have produced a revolutionary new children's shoe . . . made to hold the foot securely no matter how closely your child resembles perpetual motion."

NEW BONWIT TELLER FLOOR FOR INFANTS TO LATE TEENS

The fashion press previewed Bonwit Teller's 'Young Bonwit Ninth' at a breakfast recently. The new floor will be dedicated to the young, from infants to late teens. The Infants' Department is a new service at Bonwit and will feature exclusive import items. Also on the new floor is the Toddlers' Department, Girls' Department and Young Junior Department. The floor is decorated in fresh pastel tones, with white wrought iron furniture cushioned to match the decor in each section. Bonwit plans to bring to the world of children the fashion leadership and superior merchandise with which its name is associated.

UNIVERSITY OF ROCHESTER STUDIES RESULT IN NEW "NUMBER 26" SHOE

The world's foremost center of functional foot study is the famed Gait Laboratory at the University of Rochester. For several years Genesco has backed the research work of the recognized world authority on human gait and foot function, the team of Dr. R. Plato Schwartz, Emeritus Professor of Orthopedic Surgery and Arthur L. Heath, B. S. Research Associate in Orthopedics.

Their studies have resulted in the widely heralded Number 26, a functional shoe designed for the moving foot, the first major advance in basic design in more than half a century.

EASTMAN, DILLON STUDY DISCUSSES GENESCO GROWTH AND FUTURE

The investment research department of the famed Eastman, Dillon, Union Securities & Co., 15 Broad Street, New York, has prepared an extensive analysis of Genesco. Among the conclusions are, "New records in both sales and earnings are in prospect for Genesco, Inc. While continuing to derive the greater portion of sales and earnings from its shoe manufacturing operations, Genesco has actively diversified, through acquisitions and internal expansion, into a large retailer of not only shoes but also men's furnishings and women's specialty apparel. In addition, several recent acquisitions have provided the company with an entry into apparel manufacturing.

"Ultimately, Genesco plans to become a fully integrated manufacturer, as well as retailer, of apparel, including shoes, for the entire family. Looking ahead, Genesco's basic shoe business should demonstrate gradual growth in line with population increases, but the diversification and expansion program of the company should result in a more rapid increment in sales and earnings as these moves become more fully digested. We recommend purchase of the common stock of this good quality company for both the defensive characteristics inherent in the shoe business and the appreciation possibilities which should result from the vigorous acquisition and expansion policies pursued by Genesco's well-regarded management."

COLLINS CALLS HENRI BENDEL PROMOTION EXTRAORDINARY

In his daily column Today and Yesterday in Retailing in Women's Wear recently, Kenneth Collins said, "Henri Bendel has gone and done it again. The store has produced an extraordinary, extraordinarily beautiful set of back-to-school direct mail booklets. Yet for all their beauty (in 35 years I have seen nothing to compare with it), they must have been inexpensive to produce, must have sold their heads off, and must have had an exceptional institutional value. If these three attributes can be matched elsewhere, I shall be the most astonished man who ever interested himself in the retail advertising business. It is quite possible other stores may have done something like this (though, if so, I have not

seen it); but it is improbable any stores have done the job as well. For this is advertising craftsmanship at its inspired best."

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INJECTION MOLDING PROCESS SUCCESS IN BOY'S SHOE FIELD

A new direct injection molding process has produced excellent results. Genesco's Centerville, Tennessee, plant began experimental runs several months ago for testing purposes and to straighten out manufacturing problems. The shoes have been marketed successfully and plans for fall offerings are well under way. Acrobat Shoe Co. salesmen are offering patterns including scuff tip, air cord, plug and inverted seam oxfords, as well as waterproof boots in brown and black smooth leather

Advantages of the process over conventional sole applications include: greater flexibility than in stitchdown and welt shoes; longer wear; uniformity of construction to a fine tolerance to allow a more accurate fit. These shoes can be made quicker than in other processes for all sole work normally involved in the welt and make-finish sections is eliminated. Rejects and damaged shoes are nil and the entire sole-making process takes from 45 seconds to one minute.

NEW GENESCO ASSISTANT TREASURER

James McIlhenny has been elected Assistant Treasurer of Genesco. He will be located in New York and will specialize and concentrate on matters having to do with acquisitions and mergers. He came with Genesco ten years ago.

PERMACHEM LICENSED TO GENESCO: APPLIED TO SURGERY ROOM SHOES FOR DOCTORS, NURSES

Genesco is the first company in the shoe field to be licensed to use Permachem. It is a tin and silver compound completely safe for humans but deadly to bacteria, molds and fungi. Although a comparatively recent discovery, it already is being used in a number of products ranging from babies' diapers to wall paints. Sprayed into shoes, the Permachem solution produces lasting protection against the bacteria and fungi responsible for athlete's foot and deterioration of insoles and linings.

A dramatic report on Permachem was made recently by doctors at Presbyterian Hospital-Columbia University Medical School. With Permachem they were able to develop control over a dread staphylococcus infection that has resisted common antiseptics. Genesco's application will be limited, at present, to special surgery room shoes for doctors and nurses at Vanderbilt Hospital, Nashville.

NEW WATER-RESISTANT SHOES FOR CHILDREN

Production is under way at Genesco's Centerville, Tenn., plant for a new line of water-resistant children's shoes. The leather is silicone treated. Upper stitching seams are caulked with a sealant; the sole is attached by the injection molding process. Footwear is being made in a chukka boot style, youth's size. Production will be expanded to include other styles and sizes as well as some girls' shoes.

GENESCO IN THE NATION'S PRESS

United Press International feature writer LeRoy Pope wrote a story about Genesco for the hundreds of newspapers throughout the world subscribing to UPI's services. Summer issues of Financial World and Finance magazines also featured Genesco.

Finance profiled Genesco's Vice President and Treasurer, Noble C. Caudill, while Financial

World brought its readers up-to-the-minute on developments at Genesco. They stated, "Aggressive expansion in the shoe manufacturing and retailing fields during the post-war period raised Genesco to near the top of the industry list. Today the firm can be most aptly described as a manufacturer and retailer of apparel and footwear for men, women and children. Its more than 60 subsidiaries operate about 50 major plants and some 700 retail outlets in this country. (Editor's note—59 plants and more than 800 retail stores.) In addition, there are affiliated producing and distributing firms in 17 foreign countries. The earnings potential in the years ahead . . . is quite promising. At a price of 33, Genesco's shares appear fairly priced on immediate and longer term prospects and return very satisfactory yield of slightly less than 5% from the annual $1.60 dividend, recently increased from $1.50. With further diversification in prospect, the common has appeal for income and possible gradual price appreciation."

The United Press International story said, in part, "For Maxey Jarman, those stirring words 'the South will rise again' are no gag. He already has made them come true. Jarman's company, Genesco, Inc., has stormed the citadels of Yankee pride (trade and finance, that is) . . . So successful have been Genesco's forays north of the Mason-Dixon line that this entirely southern-managed company now controls such famous Fifth Avenue establishments as Tiffany's, Bonwit Teller, Gunther Jaeckel and Henri Bendel."

"GILDED CAGE" OPENS AT HENRI BENDEL

The Gilded Cage is the newest on Bendel's Street of Shops on its main floor on New York's 57th Street. It features cosmetics, perfumes and colognes and is under the direction of Cosmetic Coordinator, Helen Van Slyke.

The decor of the shop was created, designed and executed by H. McKim Glazebrook, NSID. Inspired by an 18th century bird cage, the shop is entirely mirrored and veiled in shirred pink chiffon, for a soft atmosphere. The counters continue the 18th century mood in the shape of antique sewing machines.

ROGERS LINGERIE MANUFACTURERS ACQUIRED BY GENESCO

Kingsboro Mills, Inc., one of the nation's three foremost manufacturers of women's lingerie has been acquired by Genesco. The transaction, an exchange of stock, was announced by Ben H. Willingham, Genesco's President and Paul Quick, Kingsboro's President. Kingsboro manufactures ladies' lingerie, including slips, gowns and sleepwear. It is an integrated producer, converting its own nylon tricot and doing its own cutting and finishing. Principal brand names are "Rogers" for women, and "Little Miss Rogers." Kingsboro's principal offices are in Chattanooga, Tennessee; manufacturing plants are in McMinnville, Lafayette and Daisy, Tennessee.

GUNTHER JAECKEL SHOWS 1961 WINTER FURS

Furs adapted from Paris imports were shown to the fashion press by the Gunther Jaeckel fur department in Bonwit Teller. For the winter of 1961, Gunther Jaeckel predicts four influences: length, just short of full length; fullness, the teardrop shape with moderate fullness curving in at the hemline; horizontal working of skins, applying the horizontal effect in back, wrapping around to a vertical treatment in front; necklines, open throated neckline can be achieved with generous collars.

Among the luxury furs were mink, sable, broadtail, chinchilla and Somali leopard. The New York Times reported that Gunther Jaeckel "not only administers high fashion to luxury pelts, but also takes the view that fur can be fun, too. A group of designs that average $400 are constructed from the humbler fur-bearing animals.

"One off-beat series consists of reversible jackets, dyed moleskin or lutetia mink gills on one side, wool jersey on the other. In other fur adventures, natural vicuna fur is bound with camel-colored felt braid."

GCO